

**REMARKS**

Favorable reconsideration of the present patent application is respectfully requested in view of the foregoing amendments and the following remarks.

In this Amendment claim 7 is amended, claims 32-33 are added, and no claims are canceled. As a result, claims 1-33 are now pending in the application.

In the non-final Office Action of May 5, 2006, claims 1-31 are rejected under 35 U.S.C. §112, second paragraph as allegedly being indefinite. Claims 1-6 and 8-31 are rejected in view of WO 01/29732 (Warnock) further in view of U.S. Patent Publication US2002/0082997 (Kobata). Claim 7 is rejected under 35 U.S.C. §103(a) in view of Warnock further in view of Kobata and yet further in view of U.S. Patent Publication US2003/0156719 (Cronce).

*35 U.S.C. §112, Second Paragraph Rejection*

The §112, second paragraph, rejections of claims 1-31 are respectfully traversed for at least the reasons set forth below.

The Office Action contends that “a first cost basis” indicates that the services are provided in exchange for a monetary amount. The Office Action then contends that the claim 2 recitation of “wherein the first cost basis is free,” is confusing.

It appears that the Office Action’s conclusion with respect to claim 1 is not necessarily correct. It is true that if one charges any positive amount of money for services—that is, sets the cost basis to any positive amount—then the services are provided in exchange for a monetary amount. However, if the cost basis for acquiring the services is set at zero, then no money is

exchanged in return for receiving the services.<sup>1</sup> Hence, “a first cost basis” does not necessarily imply that money changes hands in order to receive the content file. This is consistent with the usage of the terms in the claims and the specification, as would be understood by those of ordinary skill in the art.

Accordingly, withdrawal of the rejection under §112, second paragraph, of claims 1-2 and all other claims reciting “a first cost basis” is respectfully requested.

The Office Action rejects claim 20 under §112, second paragraph, questioning the use of the term “logic configured ...”. It is noted that “logic” for performing various functions is discussed throughout the specification.<sup>2</sup> Such logic may be embodied in the form of a processor or controller performing commands from stored software, may be realized by dedicated circuitry, or through other such configurations known to those of ordinary skill in the art. Further, use of the term “logic” in defining the elements of a device is widely accepted practice for those of ordinary skill in the art. In fact, the art cited in the Office Action uses the term logic in describing its system.<sup>3</sup> Accordingly, withdrawal of the rejection of claim 20 is respectfully requested.

Regarding the rejection of claim 7, in an effort to be fully responsive to the Office Action, this claim has been amended to overcome the rejection, removing the word “such” found offensive in the Office Action. Withdrawal of the rejection is respectfully requested.

Regarding the rejection of claim 10, this rejection is not understood. Claim 10 recites “wherein the means for conducting a payment transaction further comprises means for

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<sup>1</sup> See the specification, for example, at paragraph 24.

<sup>2</sup> See the specification, for example, at paragraphs 11, 21, 25 and 29.

<sup>3</sup> Examples may be found throughout the specification of Warnock, for instance, at Fig. 1, A3 “client side logic.”

conducting first and second payment transactions,” and then sets for features of the first payment transaction. Claims 17 and 29 are rejected for similar rationales, which also not understood. It is believed that claims 10, 17 and 29 are not properly subject to rejection under §112, second paragraph. Accordingly, withdrawal of the rejection is respectfully requested. **In the event these rejections are maintained in the next Office Action, a more detailed explanation of the Office’s reasoning is respectfully requested.**

*§103 Rejection in view of Warnock/Kobata*

The §103 rejection of claims 1-6 and 8-31 in view of the hypothetical combination of Warnock and Kobata is respectfully traversed.

The Warnock document involves a system for limiting a user’s access to download and manipulate documents by looking up a document identifier to validate that access is granted to the user for the document. The Office Action acknowledges that Warnock does not teach features of the claimed invention. For example, Warnock does not teach “granting a capability to convert said content file to a second data format by paying a second cost basis,” as recited in claim 1. However, the Office Action attempts to overcome this deficiency of Warnock by citing the Kobata patent application document, contending that Kobata teaches to transform (convert) downloaded multimedia files from one format to another for viewing or copying. This contention is respectfully traversed.

The Office Action cites paragraph 0095 of Kobata. This paragraph merely explains that for non-executable downloads a viewer module 416 may be required to view or manipulate the

file. This paragraph does not relate to granting a capability to convert said content file to a second data format by paying a second cost basis or converting a content file to a second data format, as these features are recited in claim 1.

The Office Action also cites paragraph 0175 of Kobata. This paragraph explains that the authorization for accessing a digital asset may be included in the formatting information sent as part of the document. This paragraph does not relate to granting a capability to convert said content file to a second data format by paying a second cost basis or converting a content file to a second data format, as these features are recited in claim 1.

Neither of the passages cited in the Kobata document teaches the features of the claimed invention missing from Warnock. Further, it is submitted that no other passage of Kobata teaches “granting a capability to convert a content file to a second data format by paying a second cost basis, and converting said content file to said second data format,” as recited in claim 1. **In the event this rejection is maintained, it is respectfully requested that those portions of either Warnock and/or Kobata which purportedly involve these recited features—in particular, “converting ... to a second data format”—be indicated and explained in the next paper from the Office.**

Accordingly, it is respectfully submitted that Warnock and Kobata, either taken singly or as a hypothetical combination, do not teach or suggest the features of the claimed invention. Therefore, withdrawal of the rejection is requested.

*§103 Rejection in view of Warnock/Kobata/Cronce*

The §103 rejection of claim 7 in view of the hypothetical combination of Warnock, Kobata and Cronce is respectfully traversed. The discussion of the shortcomings of Warnock and Kobata, as applied to claims 1-6 and 8-31, is hereby incorporated by reference in regard to claim 7.

In the rejection of claim 7 the Office Action acknowledges that Warnock and Kobata does not teach that the second data format of the content file is encoded such that it is suitable for playback on only one audio player. The Office Action then contends that Cronce overcomes this deficiency.

First, it is noted that Cronce does not overcome the aforementioned deficiencies of Warnock and Kobata. It is submitted that claim 7 is allowable for this reason.

Second, neither the cited passage of Cronce, nor any other passage teaches “wherein the second data format of the content file is encoded in a manner suitable for playback on only one audio player,” as recited in claim 7. Paragraph 0040, cited in the Office Action, merely explains that a specific machine must have a validated license to be able to run a software product. Whether or not the machine is suitable for running the software, based on the manner of encoding, is not discussed in paragraph 0040 of Cronce or any other paragraph.

Accordingly, it is respectfully submitted that Warnock, Kobata and Cronce, either taken singly or as a hypothetical combination, do not teach or suggest the features of the claimed invention. Therefore, withdrawal of the rejection is requested.

*Deposit Account Authorization / Provisional Time Extension Petition*

It is believed that no extension of time is required for this response. However, to the extent necessary, a petition for an extension of time under 37 C.F.R. §1.136 is hereby made. Please charge any shortage in fees due in connection with the filing of this, concurrent and future replies, including extension of time fees, to Deposit Account 50-0439 and please credit any excess fees to such deposit account.

**CONCLUSION**

In view of the foregoing, it is respectfully submitted that the application is in condition for allowance. However, in the event there are any unresolved issues, the Examiner is kindly invited to contact applicant's representative, Scott Richardson, by telephone at (571) 748-4765 so that such issues may be resolved as expeditiously as possible.

Respectfully submitted,



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